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FISCAL IMPACT STATEMENT

LS 7383

BILL NUMBER: HB 1369

NOTE PREPARED: Apr 21, 2011

BILL AMENDED: Apr 19, 2011

SUBJECT: Pay to Performance Program for School Administrators.

FIRST AUTHOR: Rep. Soliday

FIRST SPONSOR: Sen. Kruse

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *High School Graduation Study Committee:* The bill creates the High School Graduation Study Committee to study the causes of low graduation rates in certain schools and how the graduation rates can be improved.

School Data: This bill requires the Department of Education (DOE) to work with the Office of Technology and other agencies to post on the department's Internet web site a data base of property owned by, and expenditures and fund balances of, local schools.

Severance Package: The bill provides that a severance package for a school corporation superintendent may not include state funds in an amount greater than the superintendent's salary for one year.

Performance Goals: This bill requires the Department of Education and school corporations to work together to set performance goals for improvement in: (1) standardized testing; (2) retention of students and graduation rates; (3) budgeting and fiscal performance; and (4) other areas the school corporation considers important.

Administrator Contracts: The bill requires a contract of employment entered into between the governing body of the school corporation and a school administrator to include provisions concerning compensation based on the individual's performance in meeting the goals for improvement for certain criteria.

County Superintendent: The bill also repeals a requirement that a county superintendent of schools must have five years of successful teaching experience and hold a superintendent's license..

Study Committee Topic: The bill requests the Legislative Council to assign a study of superintendent compensation to an interim study committee during the 2011 legislative interim.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *High School Graduation Study Committee:* This bill establishes a 14-member High School Graduation Study Committee consisting of four legislators, seven lay members, and three state employees. The committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members.

The committee would do the following:

- (1) Study the causes of low graduation rates in high schools that have less than a 50% graduation rate;
- (2) Identify best practices that increase graduation rates in high schools in Indiana and other states;
- (3) Identify training and technical assistance opportunities for high schools to effectively address low graduation rates.

The committee would consist of the following members:

- (1) the State Superintendent of Public Instruction or the State Superintendent's designee;
- (2) the executive director of the Indiana Association of Public School Superintendents or the executive director's designee;
- (3) the executive director of the Indiana School Board Association or the executive director's designee;
- (4) the executive director of the Indiana Association of School Principals or the executive director's designee;
- (5) two members of the House of Representatives, one from each party, appointed by the Speaker of the House;
- (6) two members from the Senate, one from each party, appointed by the President Pro Tempore of the Senate.
- (7) three high school principals appointed by the Governor, one each from a public high school, an accredited nonpublic high school, and a charter high school;
- (8) three teachers appointed by the Governor: a certified teacher from a public high school, a teacher from an accredited nonpublic high school, and a certified teacher from a charter high school.

Each member of the committee would be appointed for two years. The chairman of the Legislative Council is to appoint a legislative member of the committee to serve as committee chair. Committee members who are not legislators would not be compensated for per diem, mileage, and travel expenses.

The bill directs the committee to submit a status report on its progress to the Governor and the Legislative Council by December 1, 2012. A final report stating the findings, conclusions, and recommendations is to be submitted by June 30, 2013.

Under the bill, the Legislative Services Agency (LSA) would provide administrative support for the committee. At the request of LSA, the Department of Education (DOE) is to assign staff to provide research and other support. The bill's requirements are within the agencies' routine administrative functions and should

be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

According to the DOE, in 2010, 36% of public high schools had a graduation rate of between 90% and 100%; 2% (9 schools) had a graduation rate of less than 50%; 6 percent (21 schools) had a graduation rate between 50% and 70%. Approximately 84% of high school students graduated within four years.

School Data: the bill requires DOE to post on their website a data base that lists expenditures and fund balances, including expenditures for contracts, grants, and leases, of public schools. The data must be electronically searchable by the public. DOE is to work with the Office of Technology, the State Board of Accounts, the Department of Local Government Finance, and the Office of Management and Budget in creating the data base. The cost would depend on the data bases developed and software needed to access the data. The development database would be done within DOE's current appropriations.

Performance Goals: The State Board of Education can develop the performance goals for improvement within their current level of resources as part of their normal operations. They meet monthly to discuss education issues.

(Revised) *Study Committee Topic:* The bill would request that the Legislative Council assign to an interim study committee on education the following:

1. Superintendent compensation through Indiana.
2. Whether the establishment of a statewide salary schedule based upon the ADM of the school corporation would be beneficial.

The committee assigned the topic would operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members

Explanation of State Revenues:

Explanation of Local Expenditures: *Performance Goals:* Schools should be able to implement the goals within their current level of resources.

Administrator Contracts: The inclusion of performance goals in an administrator's contract could impact the amount of the contract, but would depend on how the contract is structured. The bill would require at least 5% of the administrator's salary be based on performance.

Severance Package: The bill also establishes limits for severance packages for school superintendents. The amount of state funding used in a severance payment may not exceed an amount equal to one year's salary for the individual.

Explanation of Local Revenues:

State Agencies Affected: State Board of Education, Department of Education.

Local Agencies Affected: Local schools.

Information Sources:

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